

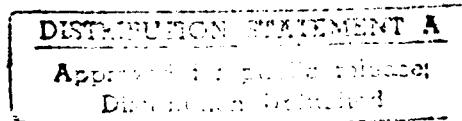
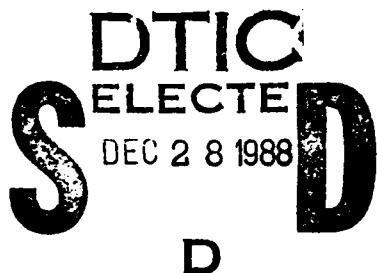
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DEPARTMENT OF DEFENSE

**PROCUREMENT FROM SMALL
AND OTHER BUSINESS FIRMS**

Fiscal Year 1988



Department of Defense

PROCUREMENT FROM SMALL AND OTHER BUSINESS FIRMS

October 1987 - September 1988

Fiscal Year 1988

Prime contract awards to small business firms totaled \$25,229 million during Fiscal Year 1988, compared with \$26,624 million for last year. Awards to all business firms were \$130,815 million during Fiscal Year 1988, compared with \$135,340 for last year.

Changes in the procurement mix of our purchases of supplies and equipment impacted unfavorably on the small business ratio causing a decrease of 0.4 percent compared to the same period last year. This decrease was attributed to a lower small business rate of participation in the missile and space systems, aircraft, and ships categories which are not normally favorable to small business. Also contributing to this lower performance was a decrease in the small business participation in the petroleum, commercial items, and civil functions categories which are normally favorable to small business.

Defense prime contract awards for Research, Development, Test, and Evaluation (RDT&E) work are included in Table I and are shown separately in Table II. Small business firms were awarded \$1,446 million in Department of Defense RDT&E prime contracts during Fiscal Year 1988 compared with \$1,488 million during the same period last year. Of the total RDT&E prime contracts awarded to business firms, small business received 7.4 percent this year compared with 7.9 percent for last year. (SSW)

Data on subcontract commitments to small business firms for Fiscal Years 1987 and 1988 are shown in Table III. Commitment figures are obtained from large business firms which receive prime contract awards of \$500,000 or more having substantial subcontracting opportunities. The reporting large business firms committed a total of \$58,799 million in subcontracts during Fiscal Year 1988 of which \$22,309 million, or 37.9 percent, went to small business firms. This represents an increase of \$750 million to small business concerns over last year.

TABLE I
SMALL BUSINESS SHARE OF DEFENSE PROCUREMENT
(AMOUNTS IN THOUSANDS)

TYPE OF FIRM AND CATEGORY OF PROCUREMENT	FISCAL YEAR TO DATE			
	1988		1987	
	OCT 87	SEP 88	OCT 86	SEP 87
DEFENSE PROCUREMENT (PRIME CONTRACTS) FROM ALL BUSINESS FIRMS - TOTAL	\$130,814,816		\$135,340,300	
MISSILE AND SPACE SYSTEMS	19,693,980		19,781,484	
AIRCRAFT	24,978,326		27,683,991	
SHIPS	13,704,651		11,448,464	
OTHER MAJOR HARD GOODS	27,454,092		34,063,361	
SERVICES	11,781,841		10,823,718	
PETROLEUM	3,177,337		2,968,616	
COMMERCIAL ITEMS	10,167,433		8,165,685	
CONSTRUCTION	6,632,299		7,603,362	
ALL PURCHASES OF \$25,000 OR LESS	11,190,053		10,942,585	
CIVIL FUNCTIONS	2,034,804		1,859,034	
DEFENSE PROCUREMENT (PRIME CONTRACTS) FROM SMALL BUSINESS FIRMS - TOTAL	\$25,228,786		\$26,624,157	
MISSILE AND SPACE SYSTEMS	659,297		768,294	
AIRCRAFT	1,119,120		1,310,050	
SHIPS	1,195,750		1,455,486	
OTHER MAJOR HARD GOODS	2,871,278		3,589,673	
SERVICES	3,623,081		3,323,878	
PETROLEUM	575,585		805,556	
COMMERCIAL ITEMS	3,632,771		3,494,888	
CONSTRUCTION	4,470,247		4,892,250	
ALL PURCHASES OF \$25,000 OR LESS	6,102,494		5,934,347	
CIVIL FUNCTIONS	979,163		1,049,735	
PERCENTAGE OF DEFENSE PRIME CONTRACTS TO SMALL BUSINESS FIRMS - TOTAL	19.3		19.7	
MISSILE AND SPACE SYSTEMS	3.3		3.9	
AIRCRAFT	4.5		4.7	
SHIPS	8.7		12.7	
OTHER MAJOR HARD GOODS	10.5		10.5	
SERVICES	30.8		30.7	
PETROLEUM	18.1		27.1	
COMMERCIAL ITEMS	35.7		42.8	
CONSTRUCTION	67.4		64.3	
ALL PURCHASES OF \$25,000 OR LESS	54.5		54.2	
CIVIL FUNCTIONS	48.1		56.5	



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TABLE II
SMALL BUSINESS SHARE OF DEFENSE PROCUREMENT
FOR RESEARCH, DEVELOPMENT, TEST AND EVALUATION WORK
(AMOUNTS IN THOUSANDS)

TYPE OF FIRM AND DEPARTMENT	FISCAL YEAR TO DATE			
	1988		1987	
	OCT 87	SEP 88	OCT 86	SEP 87
TOTAL	\$19,520,874		\$18,806,873	
	=====		=====	
ARMY	3,028,958		2,880,984	
NAVY	5,518,709		6,477,016	
AIR FORCE	10,331,800		8,496,290	
DEFENSE LOGISTICS AGENCY	9,532		16,058	
CIVIL FUNCTIONS	3,882		2,019	
OTHER DEFENSE AGENCIES	627,993		934,506	
SMALL FIRMS	1,446,030		1,488,073	
	=====		=====	
ARMY	425,352		445,496	
NAVY	416,125		349,305	
AIR FORCE	457,490		474,427	
DEFENSE LOGISTICS AGENCY	0		4,877	
CIVIL FUNCTIONS	2,951		1,585	
OTHER DEFENSE AGENCIES	144,112		212,383	
OTHER FIRMS	18,074,844		17,318,800	
	=====		=====	
ARMY	2,603,606		2,435,488	
NAVY	5,102,584		6,127,711	
AIR FORCE	9,874,310		8,021,863	
DEFENSE LOGISTICS AGENCY	9,532		11,181	
CIVIL FUNCTIONS	931		434	
OTHER DEFENSE AGENCIES	483,881		722,123	
SMALL FIRMS AS A PERCENT OF TOTAL	7.4		7.9	
	==		==	
ARMY	14.0		15.5	
NAVY	7.5		5.4	
AIR FORCE	4.4		5.6	
DEFENSE LOGISTICS AGENCY	0.0		30.4	
CIVIL FUNCTIONS	76.0		78.5	
OTHER DEFENSE AGENCIES	22.9		22.7	

TABLE III
SMALL BUSINESS SHARE OF DEFENSE SUBCONTRACTS
FISCAL YEAR 1988
(Amounts in Thousands)

SUBCONTRACTS	FISCAL YEAR 1988 OCT 87 - SEP 88	FISCAL YEAR 1987 OCT 86 - SEP 87
Number of Reports from Large Business Firms	1,571	1,469
Subcontract Commitments by Reporting Large Business Firms	\$ 58,798,562	\$ 53,115,740
Commitments to Small Business	\$ 22,309,083	\$ 21,558,740
Percent to Small Business	37.9	40.6

SOURCE: Companies Participating in the DoD Subcontracting Program, Fiscal Year 1988